

GRANITE STATE ELECTRIC COMPANY

1999/2000 Cooperative Interruptible Service Program

Order Approving Program for 1999/2000 Program Year
and Terminating Program Thereafter

O R D E R N O. 23,345

November 15, 1999

APPEARANCES: Carlos A. Gavilondo, Esq., for Granite State Electric Company and Michelle A. Caraway for the Staff of the New Hampshire Public Utilities Commission.

I. PROCEDURAL HISTORY

On October 1, 1999, Granite State Electric Company (GSEC) filed with the New Hampshire Public Utilities Commission (Commission) its 1999/2000 Cooperative Interruptible Service (CIS) Program filing. GSEC's CIS Program provides credits to large commercial and industrial customers based on the customers' ability and willingness to interrupt load during capacity shortages.

By Order of Notice issued October 11, 1999, the Commission scheduled a hearing for October 21, 1999 and set deadlines for intervention requests and objections thereto. No Motions for Intervention were filed. GSEC and Commission Staff (Staff) engaged in informal discovery. On October 20, 1999, Staff filed the Testimony of Tracy B. Guyette, Utility Analyst III. A duly noticed hearing was held on October 21, 1999.

II. POSITIONS OF THE PARTIES AND STAFF

A. Granite State Electric Company

GSEC's CIS Program provides for the voluntary interruption of load by customers during periods of capacity shortage. The CIS Program represents one measure of demand-side management designed to prevent or minimize reliability problems resulting from supply shortages or unusually high demand periods.

Pursuant to the Settlement Agreement entered into between GSEC and Staff which was approved by Order No. 20,684, Granite State Electric Company 77 NHPUC 745 (1992), GSEC is required to file updated short-term and long-term avoided costs and to recalculate the credits on or before October first of each year.

GSEC's CIS Program is closed to new participants as the result of Order No. 23,041 (October 7, 1998), Order Approving Amended Offer of Settlement, in Docket DR 98-012; however, four grandfathered customers are currently served under preexisting CIS-1 service agreements.

Through CIS-1, a customer commits to a firm interruptible load level, receives the credits regardless of whether an interruption actually occurs, and incurs penalties in the event that an interruption is called and the customer fails to comply. GSEC offers three types of CIS-1 contracts which differ in terms of frequency of interruptions, duration of each interruption, and notification period before each interruption.

A different credit is paid for each option.

Currently, GSEC funds the CIS Program through its Conservation and Load Management (C&LM) Program. GSEC proposes to continue funding the CIS Program through C&LM revenues from the commercial and industrial customers for the 1999/2000 program year. GSEC states in its filing that this funding is fully reconciling such that any amounts unspent under a previous year's program, or any amounts collected pursuant to non-compliance penalties, would serve to reduce the cost of the CIS Program. The anticipated budget for the 1999/2000 program year is \$146,500.

In its filing, GSEC proposes to continue the CIS Program for the period November 1, 1999 through October 31, 2000 on substantially the same basis as its 1998/1999 program, including the same schedule of credits and charges.

B. Staff

Staff filed testimony in this proceeding recommending that the Commission terminate GSEC's CIS Program. The basis for Staff's recommendation is that GSEC, as a distribution company, no longer has load responsibility. Therefore, GSEC does not call for the interruption of participants' loads; ISO New England, Inc. (ISO-NE) controls interruptions.

Staff stated in its testimony that GSEC's CIS Program is paid for by GSEC commercial and industrial customers through

C&LM revenues. However, the beneficiaries of this program include the CIS Program participants, GSEC's transition supplier who gets to claim a capacity credit for each interruptible customer's load, the transmission supplier, the distribution company, and the system as a whole. Although the energy suppliers are the primary beneficiaries and numerous other entities benefit from increased system reliability, only GSEC's commercial and industrial customers pay for the program.

III. SETTLEMENT AGREEMENT

At the October 21, 1999 hearing, GSEC presented a settlement agreement (Settlement) entered into orally between GSEC and Staff. The Settlement allows GSEC to continue its CIS Program through the 1999/2000 program year as described in the October 1, 1999 filing. However, according to the Settlement, the CIS Program would be terminated at the end of the program year. Terminating the program in one year would place the four customers currently participating in the CIS Program on notice for planning purposes. The Settlement provides that the four customers would be notified by GSEC of other potential interruptible programs that might be available to them either through ISO-NE or some other alternative.

IV. COMMISSION ANALYSIS

After careful review of the record in this proceeding, we find that the Settlement Agreement entered into between GSEC

and Staff is reasonable and is in the public good and, therefore, we will approve it. The Settlement provides sufficient notice to the four customers currently participating in GSEC's CIS Program so that they may plan for the program's termination. The Settlement also affords these customers the opportunity to participate in future interruptible programs that may become available.

Based upon the foregoing, it is hereby

ORDERED, that the Settlement Agreement entered into between GSEC and Staff is hereby APPROVED; and it is

FURTHER ORDERED, that GSEC's CIS Program shall terminate on October 31, 2000; and it is

FURTHER ORDERED, that GSEC shall notify the four customers currently participating in its CIS Program of the program's termination within thirty days of the date of this order.

By order of the Public Utilities Commission of New
Hampshire this fifteenth day of November, 1999.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Thomas B. Getz
Executive Director and Secretary